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Global Agricultural Information Network

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Thailand

Cotton and Products Annual

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Report Highlights:

MY2016/17 cotton imports are forecast to increase only slightly from the downturn in MY2013/14. Spinners will likely limit their cotton purchases due to large carryover inventories of cotton yarn. Meanwhile, in MY2015/16 cotton imports will likely continue to decline to around 1.4 million bales due to a reduction in cotton yarn sales in the domestic and export markets.

Executive Summary:

MY2016/17 cotton imports are forecast to increase slightly in anticipation of a gradual recovery in the spinning and textile industries. Some spinners are expected to continue to limit their purchases to cotton for immediate use only as they still have high carryover inventories of cotton yarn. Competition from relatively cheaper cotton yarn from Vietnam and India has hampered Thai spinners' sales. MY2015/16 cotton imports are likely to decline to 1.4 million bales, down 6 percent from MY2014/15. Spinners reduced their capacity utilization as sales of cotton yarn were lower-than-expected in the first half of MY2015/16. Inventories of cotton yarn increased 12 percent in the first half of MY2015/16 due to lower-than-expected sales of cotton yarn. Medium-scale spinners are reportedly losing their competitive edge due to the lack of investment in new machines.

Commodities:

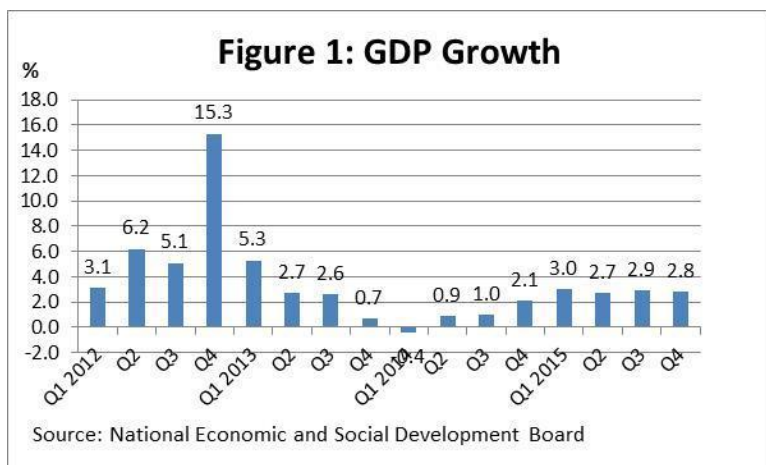
Cotton

Section 1: Situation and Outlook for Upland and Value-Added Cotton**1. Production**

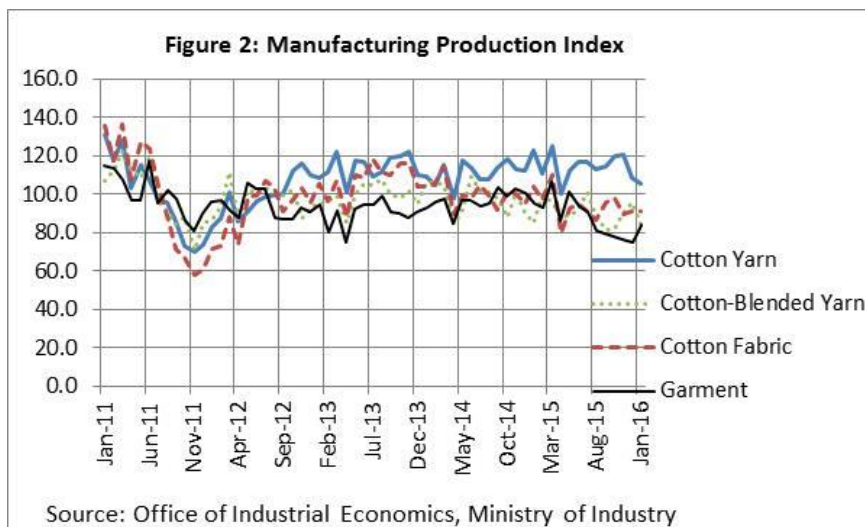
Cotton production in Thailand is marginal at only 1,500 to 1,600 metric tons (2,300 – 2,500 bales). This production accounts for less than one percent of total demand. Thai farmers prefer cultivating cassava and sugarcane due to relatively higher returns they receive vis-à-vis cotton. The government still bans the use of transgenic or biotech varieties. Also, there is no domestic support program specifically for cotton farmers.

2. Consumption

MY2016/17 cotton consumption is forecast to increase only slightly from MY2015/16. The spinning industry is expected to slowly recover from the downturn over the past years as Thailand's economic recovery picks up slightly. According to the most recent economic forecast by the Bank of Thailand, the Thai economic growth is revised down from 3.7 percent to 3.5 percent in 2016 due to the sluggish global economy, which also resulted in lower-than-expected growth of 2.8 percent in 2015 (Figure 1). Most spinning mills are holding large inventories of cotton yarn. Some spinners, particularly medium-scale coarse-count yarn manufacturers, are reportedly operating at losses due to strong competition from relatively cheaper imported cotton yarn from India and Vietnam. Sources expect that additional spinning mills are likely to shut down in 2016 due to liquidity problems. These mills reportedly account for around 5 percent of total cotton yarn production. However, large-scale spinning mills which account for around 60 percent of total cotton yarn production still maintain their competitive edge in domestic and export markets as they have invested in new machines to improve their production efficiency. These are the main customers of U.S. cotton. Since 2011, about 30 percent of Thailand's spinners have exited the industry.



MY2015/16 cotton consumption is likely to decline to around 1.4 million bales, down 6 percent from MY2014/15 due to a reduction in cotton and cotton-blended yarn production. According to the Ministry of Industry's Office of Industrial Economics, production of cotton and cotton-blended yarn declined approximately 3-4 percent in the first half of MY2015/16 (Figure 2). Spinning mills have had to lower their cotton yarn production as they are holding large inventories, which are up 12 percent from the same period in 2014/15. Their capacity utilization declined around 2 percent to an average of around 58 percent. This is due to lower-than-expected sales of cotton yarn resulting from weak demand and competition from relatively cheaper imported cotton yarn from India and Vietnam. Some spinning mills reportedly shut down in the first half of MY2015/16, particularly medium-scale coarse-count yarn manufacturers as they lost their competitiveness in the domestic and export markets due to lack of investment in new machines. In addition, production of cotton fabric declined 9 percent in line with garment production, which declined 14 percent from the same period in MY2014/15. Moreover, exports of cotton yarn also declined 25 percent from the previous year.

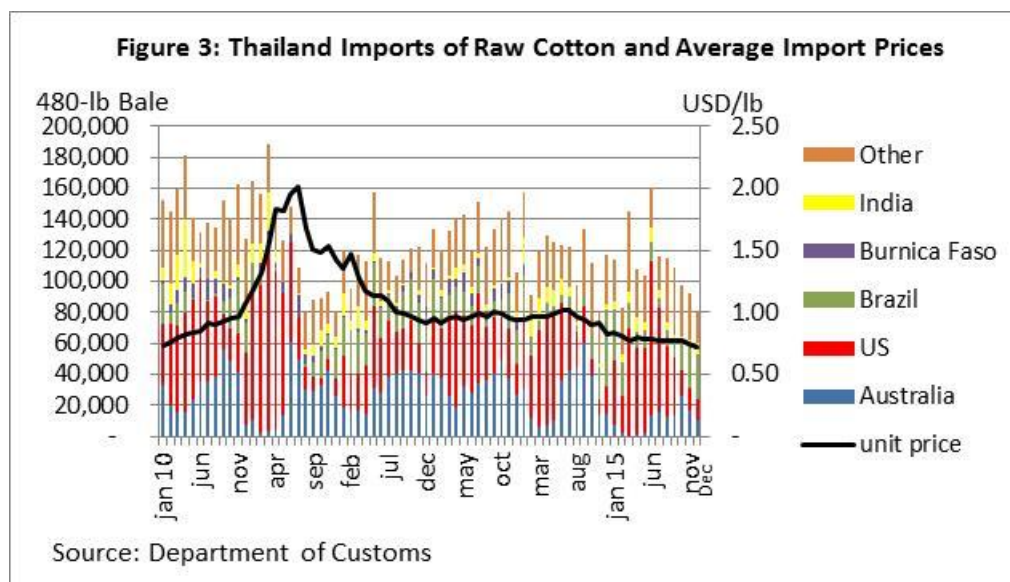


3. Trade

MY2016/17 cotton imports are forecast to increase only slightly from MY2015/16 in line with a slight increase in cotton and cotton-blended yarn production. Spinners are expected to continue limiting their purchase to only those needed for immediate use as their carryover inventory of cotton yarn will likely remain high. Imports of U.S. cotton are expected to increase to 460,000 bales as large spinners still rely on high quality fiber for their medium and fine-count yarn production.

MY2015/16 cotton imports are likely to decline to around 1.4 million bales, down 3 to 4 percent from MY2014/15 due to a reduction in cotton and cotton-blended yarn production. In the first five months of MY2015/16, cotton imports declined 8 percent from the same period last year (Table 2). However, U.S. cotton imports increased significantly to 127,868 bales, up around 50 percent from the same period last year due to tight supplies of Australian cotton. Imports of Australian cotton fell 54 percent to 78,821 bales. Meanwhile, medium-scale spinners who limited their purchase to cheap cotton to maintain their operations continued to import Brazilian and African cotton. Cotton imported from these origins increased 30-40 percent from the same period last year.

In the first five months of MY2015/16, imports of cotton yarn increased to around 6,000 metric tons, up approximately 30 percent from the same period last year. These were mainly from India and Vietnam, which accounted for around 60 percent of total cotton yarn imports. Meanwhile, exports of cotton yarn declined to around 15,000 metric tons, down 25 percent from the same period last year, particularly to China and Japan. This is due to economic slowdown and competition from Vietnam. These two countries accounted for around 80 percent of total cotton yarn exports. Exports of cotton fabric declined to around 14,500 metric ton, down 9 percent from the same period in MY2014/15. Meanwhile, imports of cotton fabric declined to 11,200 metric ton, down 12 percent from the same period last year in line with garment production, which fell by 14 percent.



4. Stocks

MY2015/16 and 2016/17 cotton stocks are likely to remain at the minimum levels of around 1 to 2 months of use. Spinners will likely limit their purchases to only those for immediate use as they are expected to have large carryover inventories of cotton yarn resulting from strong competition in the

Table 2: Thailand's Imports of Raw Cotton (Marketing Year: August/July)							
Unit: 480-lb bale							
	MY2011/12	MY2012/13	MY2013/14	MY2014/15	August - December		
					MY2014/15	MY2015/16	% Change
United States	282,144	446,398	530,639	496,126	85,821	127,868	49.0
Australia	325,603	409,080	334,533	213,526	171,770	78,821	-54.1
Brazil	228,095	246,196	137,640	208,438	94,984	95,613	0.7
Mali	20,730	29,783	86,590	122,410	43,752	50,427	15.3
Burkina Faso	23,974	74,522	84,689	104,546	40,015	41,439	3.6
Cote d'Ivoire	21,990	26,422	58,430	64,269	26,898	32,371	20.3
India	86,607	34,221	93,615	56,090	8,907	22,101	148.1
Tanzania	16,913	20,743	32,339	30,027	21,152	1,691	-92.0
Pakistan	88,189	16,407	20,556	27,450	17,769	15,816	-11.0
Argentina	27,009	21,947	21,696	23,980	17,289	10,550	-39.0
Mexico	8,374	9,150	5,785	16,795	3,789	872	-77.0
Zimbabwe	45,765	34,376	12,831	14,839	10,182	2,330	-77.1
Spain	943	4,995	16,138	13,031	2,859	800	-72.0
Benin	5,202	10,472	16,221	10,424	2,796	12,295	339.6
Others	90,616	129,928	98,823	70,895	32,186	41,600	29.2
World	1,272,153	1,514,639	1,550,525	1,472,847	580,170	534,594	-7.9
Source: Department of Customs							

Table 3: Thailand's Imports of Raw Cotton (Marketing Year: August/July)							
Unit: Metric Ton							
	MY2011/12	MY2012/13	MY2013/14	MY2014/15	August - December		
					MY2014/15	MY2015/16	% Change
United States	61,430	97,193	115,534	108,020	18,686	27,840	49.0
Australia	70,892	89,068	72,837	46,490	37,399	17,161	-54.1
Brazil	49,662	53,604	29,968	45,382	20,681	20,817	0.7
Mali	4,513	6,484	18,853	26,652	9,526	10,979	15.3
Burkina Faso	5,220	16,225	18,439	22,763	8,712	9,022	3.6
Cote d'Ivoire	4,788	5,753	12,722	13,993	5,856	7,048	20.3
India	18,857	7,451	20,383	12,212	1,939	4,812	148.1
Tanzania	3,682	4,516	7,041	6,538	4,605	368	-92.0
Pakistan	19,201	3,572	4,476	5,977	3,869	3,444	-11.0
Argentina	5,881	4,779	4,724	5,221	3,764	2,297	-39.0
Mexico	1,823	1,992	1,259	3,657	825	190	-77.0
Zimbabwe	9,964	7,485	2,794	3,231	2,217	507	-77.1
Spain	205	1,088	3,514	2,837	623	174	-72.0
Benin	1,133	2,280	3,532	2,270	609	2,677	339.6
Others	19,730	28,289	21,516	15,436	7,008	9,057	29.2
World	276,981	329,777	337,591	320,678	126,318	116,395	-7.9
Source: Department of Customs							

Table 4: Thailand's Imports of Raw Cotton (Calendar Year: January - December)

Unit: 480-lb Bale

	2013		2014		2015		% change	
	(,000 US\$)	480-lb Bale	(,000 US\$)	480-lb Bale	(,000 US\$)	480-lb Bale	(,000 US\$)	480-lb Bale
United States	225,994	476,382	228,293	465,412	219,571	538,172	15.4	15.6
Brazil	90,634	190,218	73,078	163,748	77,948	209,066	6.7	27.7
Australia	188,417	406,835	146,198	316,764	45,658	120,577	-68.8	-61.9
Mali	28,040	61,977	41,743	93,517	44,508	129,086	6.6	38.0
Burkina Faso	40,593	91,996	35,108	82,638	34,895	105,970	-0.6	28.2
India	18,109	40,917	38,746	89,838	23,499	69,285	-39.3	-22.9
Cote d'Ivoire	17,040	39,257	27,162	62,733	23,333	69,743	-14.1	11.2
Pakistan	7,450	18,567	10,020	27,487	7,694	25,498	-23.2	-7.2
Benin	6,113	13,929	5,684	12,804	6,715	19,922	18.1	55.6
Mexico	5,848	13,519	2,001	5,204	5,268	13,878	163.3	166.7
Argentina	7,197	17,972	12,030	30,535	5,214	17,241	-56.7	-43.5
Togo	2,647	6,038	1,859	4,109	4,074	12,176	119.2	196.3
Tanzania	14,667	34,251	14,794	35,337	3,908	10,565	-73.6	-70.1
Spain	4,173	9,997	5,305	12,196	3,519	10,971	-33.7	-10.0
Others	76,376	165,403	36,391	81,510	26,731	75,120	-26.5	-7.8
Total	733,297	1,587,258	678,410	1,483,832	532,537	1,427,271	-21.5	-3.8

Source: Department of Customs

Table 5: Thailand's Imports of Raw Cotton (Calendar Year: January - December)

Unit: Metric Ton

	2013		2014		2015		% change	
	(,000 US \$)	Metric Ton	(,000 US \$)	Metric Ton	(,000 US \$)	Metric Ton	(,000 US \$)	Metric Ton
United States	225,994	103,721	228,293	101,332	219,571	117,174	-3.8	15.6
Brazil	90,634	41,415	73,078	35,652	77,948	45,519	6.7	27.7
Australia	188,417	88,579	146,198	68,968	45,658	26,253	-68.8	-61.9
Mali	28,040	13,494	41,743	20,361	44,508	28,105	6.6	38.0
Burkina Faso	40,593	20,030	35,108	17,993	34,895	23,072	-0.6	28.2
India	18,109	8,909	38,746	19,560	23,499	15,085	-39.3	-22.9
Cote d'Ivoire	17,040	8,547	27,162	13,659	23,333	15,185	-14.1	11.2
Pakistan	7,450	4,042	10,020	5,985	7,694	5,552	-23.2	-7.2
Benin	6,113	3,033	5,684	2,788	6,715	4,338	18.1	55.6
Mexico	5,848	2,944	2,001	1,133	5,268	3,022	163.3	166.7
Argentina	7,197	3,913	12,030	6,648	5,214	3,754	-56.7	-43.5
Togo	2,647	1,315	1,859	895	4,074	2,651	119.2	196.3
Tanzania	14,667	7,457	14,794	7,694	3,908	2,300	-73.6	-70.1
Spain	4,173	2,177	5,305	2,655	3,519	2,389	-33.7	-10.0
Others	76,376	36,013	36,391	17,747	26,731	16,356	-26.5	-7.8
Total	733,297	345,588	678,410	323,070	532,537	310,755	-21.5	-3.8

Source: Department of Customs

Table 6: Status of Textile Industry in Thailand

	Calendar Year						
	2008	2009	2010	2011	2012	2013	2014
Number of Employment							
- Synthetic fiber	14,100	14,000	14,300	13,300	12,300	12,200	12,200
- Spinning	60,300	60,075	60,040	57,200	57,010	57,650	56,990
- Weaving	52,770	51,980	51,890	52,160	52,310	52,630	52,590
- Knitting	63,050	62,420	61,790	62,400	62,580	61,900	61,510
- Dyeing and Printing	46,200	45,880	43,860	41,940	41,580	41,330	41,434
- Clothing	812,800	810,850	808,690	795,880	350,000	346,250	341,857
TOTAL	1,049,220	1,045,205	1,040,570	1,022,880	575,780	571,960	566,581
Number of Textile Machinery							
- Spinning (No. of spindles)	3,875,600	3,779,210	3,669,613	3,770,550	3,700,860	3,750,000	3,930,000
- Weaving (No. of looms)	129,100	128,300	130,230	131,740	132,200	134,600	135,273
- Knitting (No. of machines)	123,620	123,080	118,150	118,490	119,200	119,160	118,803
- Clothing (No. of machines)	748,490	737,875	736,000	724,250	623,350	623,280	622,033

Source: Thailand Textile Institute

Table 7: Thailand's production of yarn

Unit: Thousand Metric Tons

	Calendar Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Production								
Cotton yarn	397.8	376.7	353.8	351.1	315.9	303.8	293.5	292.6
Synthetic yarn	565.1	587.1	614.0	626.1	493.0	502.3	541.0	582.3
Total production	962.9	963.8	967.8	977.2	808.9	806.1	834.5	874.9

Source: Thailand Textile Institute

Table 8: Thailand's Exports of Cotton Yarn (Calendar Year: January - December)

	2013		2014		2015	
	,000 US\$	Metric Ton	,000 US\$	Metric Ton	,000 US\$	Metric Ton
China	121,546	42,115	91,277	34,146	55,180	25,298
Japan	27,322	4,850	38,907	6,440	26,750	4,924
Korea South	14,217	3,735	14,068	3,853	13,962	4,244
Hong Kong	5,590	1,575	4,197	1,046	4,619	1,372
Vietnam	1,812	290	3,397	611	2,567	414
Bangladesh	4,526	1,389	2,383	787	1,486	433
Philippines	2,891	794	1,918	563	594	202
Papua New Guinea	603	90	719	112	578	95
Italy	3,174	723	1,215	268	536	133
Egypt	1,272	304	956	248	475	124
Indonesia	1,177	184	1,204	253	427	105
Malaysia	7,784	1,822	2,979	710	415	146
Canada	345	80	286	62	411	119
India	1,202	307	1,697	420	402	153
Others	24,036	5,562	14,825	3,495	3,229	675
Total	217,495	63,821	180,028	53,013	111,631	38,438

Source: Department of Customs

Table 9: Thailand's Imports of Cotton Yarn (Calendar Year: January - December)

	2013		2014		2015	
	,000 US\$	Metric Ton	,000 US\$	Metric Ton	,000 US\$	Metric Ton
China	27,805	3,657	30,024	4,397	24,463	3,758
India	15,749	3,848	17,183	4,544	17,151	5,486
Vietnam	2,294	624	2,425	627	6,793	2,210
Japan	3,646	867	3,177	821	4,397	807
Pakistan	2,425	845	2,997	1,134	3,304	1,544
Malaysia	3	0	1	0	779	217
Indonesia	3,257	611	963	164	755	149
Korea South	101	15	183	14	551	106
Egypt	2,455	412	1,109	154	525	56
Taiwan	424	50	384	41	334	45
Italy	449	16	324	16	312	13
Hong Kong	208	15	166	13	208	24
France	130	1	102	2	202	3
Others	1,249	203	494	61	192	29
Total	60,195	11,166	59,532	11,988	59,965	14,445

Source: Department of Customs

Table 10: Thailand's production of woven fabric

	Calendar Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Production (TMT)								
Cotton fabric	220.8	209.4	192.4	197.9	185.6	176.0	148.8	154.8
Synthetic fabric	261.7	227.6	277.5	285.4	254.5	272.7	281.9	317.0
Total production	482.5	437.0	469.9	483.3	440.1	448.7	430.7	471.8

Source: Thailand Textile Institute

Table 11: Thailand's Exports of Cotton Fabric (Calendar Year: January - December)

	2013		2014		2015	
	,000 US\$	Metric Ton	,000 US\$	Metric Ton	,000 US\$	Metric Ton
Myanmar	65,046	7,728	62,961	7,609	69,826	7,632
Bangladesh	46,070	6,705	45,380	5,568	49,763	6,013
Vietnam	44,501	4,466	34,786	3,490	23,288	2,260
Japan	18,412	2,577	19,578	2,683	22,474	3,957
Cambodia	18,384	2,225	10,401	1,237	12,408	1,768
United States	12,192	1,765	12,509	1,629	12,203	1,474
Sri Lanka	6,910	842	9,606	1,154	10,603	1,298
Netherlands	14,965	1,261	15,151	1,127	10,191	839
United Arab Emirates	9,688	717	7,448	589	9,535	798
Laos	11,116	1,073	9,717	910	8,912	918
China	6,535	676	7,980	750	7,140	669
Singapore	4,218	290	1,556	106	6,961	455
Indonesia	6,622	585	4,461	549	5,983	701
United Kingdom	6,771	703	7,487	690	5,339	560
Pakistan	3,340	238	5,425	446	4,863	485
Germany	9,520	1,563	9,224	1,523	4,417	751
Others	112,951	13,870	83,844	10,343	42,974	5,225
Total	397,240	47,284	347,514	40,404	306,877	35,802

Source: Department of Customs

Table 12: Thailand's Imports of Cotton Fabric (Calendar Year: January - December)

Partner Country	2013		2014		2015	
	,000 US\$	Metric Ton	,000 US\$	Metric Ton	,000 US\$	Metric Ton
China	137,536	30,268	124,827	22,223	102,525	19,947
India	9,818	1,560	11,462	1,766	12,642	2,244
Pakistan	2,554	583	2,426	611	6,192	1,858
Japan	7,109	766	6,554	686	5,448	603
Italy	4,273	92	4,522	87	4,046	79
Indonesia	4,619	580	5,049	529	3,653	593
Taiwan	3,226	175	2,947	153	3,121	171
Hong Kong	2,618	215	1,968	185	1,765	132
Turkey	1,614	70	1,601	89	896	64
Vietnam	211	34	668	83	760	139
United States	289	13	289	12	676	31
United Kingdom	905	32	874	40	539	29
Korea South	1,056	81	1,211	58	511	52
Myanmar	89	21	281	68	483	176
Spain	292	10	328	12	362	13
Austria	393	12	543	19	335	25
Germany	739	45	722	32	307	28
Malaysia	532	23	443	21	271	43
Laos	134	27	72	20	175	35
Others	1,958	216	2,259	152	880	80
Total	179,965	34,821	169,046	26,847	145,587	26,342

Source: Department of Customs